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Comptroller Survey Concerning Wages of Direct Support Professionals



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Key Points

In 2018, the General Assembly appropriated \$49 million in state funds and federal matching funds to increase the hourly wages of direct support professionals (DSPs) working under the home and community-based services (HCBS) waivers program administered by the Department of Intellectual and Developmental Disabilities. The appropriation amount was calculated to raise the average wage of DSPs to \$10. DSPs working under the waivers program provide support, training, supervision, and personal assistance to adults with disabilities on a daily basis.

The fiscal year 2019 appropriations act also directed the Comptroller's Office to conduct a survey of wages paid to DSPs employed by private provider agencies under the HCBS waivers to determine how the agencies used the increased funding. The Office of Research and Education Accountability (OREA), a division of the Comptroller's Office, sent a survey to 171 agencies and 157 (92 percent) responded. OREA then checked documentation to verify survey responses for a sample of the agencies (96 of 157, or 61 percent). According to the 2018 OREA survey, 16,365 DSPs were employed by the 157 agencies that responded to the survey.

Survey results indicate the 2019 legislative appropriation has effectively increased the hourly wages of DSPs working under the HCBS waivers program in Tennessee. Survey results and provider documentation review indicate the statewide average hourly wage for DSPs working under the HCBS waiver increased from approximately \$9.77 to \$10.36 as a result of the 2019 legislative appropriation. OREA found no indication that any agency spent the increased funds intended for raising DSP wages on executive level salaries.

Of the 157 agencies responding to the survey, 147 agencies, which employ 96 percent of DSPs, spent the increase only toward DSP compensation (either wages, bonuses, or benefits). Of the remaining agencies, nine partially used the funds to increase DSP compensation, but also spent the increase on other items. One agency did not use the increase to raise DSP compensation, but already paid DSP hourly wages over \$20. (See pages 8-10.)

Before the 2019 rate increase, 55 agencies already paid DSPs an average hourly wage of \$10 per hour or more. After the increase, 112 agencies indicated that they paid an average hourly wage of \$10 or more – these agencies represent 72 percent of agencies that responded to the survey and employ nearly 10,000 of the state's DSPs who work under the HCBS waivers. (See pages 8-10.)

Many agencies chose to give bonuses to DSPs because a portion of the legislative allocation was nonrecurring. Most of these agencies gave a combination of wage increases and bonuses. Some agencies chose to use recurring funds to give wage increases and nonrecurring funds for bonuses. Agencies explained they did not want to use the full amount of the legislative allocation for wage increases and risk having to scale back wages if the nonrecurring funds were not appropriated in the next fiscal year. (See pages 11-12.)

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Introduction

A 2017 Comptroller audit described a crisis-level shortage of workers who directly support individuals with intellectual and developmental disabilities under Tennessee’s home and community-based services (HCBS) waivers program. The waivers program is administered by the Department of Intellectual and Developmental Disabilities (DIDD). These workers, called direct support professionals (DSPs), provide support, training, supervision, and personal assistance to adults with disabilities on a daily basis. DSPs generally describe their work as fulfilling but physically and emotionally challenging, with low pay yet high levels of responsibility. The private provider agencies that employ DSPs under Tennessee’s HCBS waivers program have had ongoing difficulty recruiting and retaining these workers. Low wages and high turnover rates for DSPs are nationwide problems that are not limited to Tennessee.¹

In 2018, the Governor and the Tennessee General Assembly committed state and matching federal funds totaling approximately \$49 million with the intention of increasing the hourly wages of DSPs working under the state’s HCBS waivers program, effective July 1, 2018, for fiscal year 2019.^{2, ^} Although the agencies that employ DSPs are reimbursed at higher rates due to the appropriation, they are not obligated to spend the money on wages because they are private agencies that can spend the increase according to their business models. The General Assembly passed a portion of the increase on a nonrecurring basis,³ meaning it was appropriated only for the 2019 fiscal year. The private provider agencies that employ DSPs anticipate that the nonrecurring funding increase may become permanent if the wage increase is carried out according to the legislative intent. (See Exhibit 1.)

Exhibit 1: Recurring and nonrecurring funds from the Fiscal Year 2019 (FY19) state and federal appropriation to increase DSP wages, in millions of dollars

	Recurring	Nonrecurring	Total
State	\$5.0m (10%)	\$11.7m (24%)	\$16.7m (34%)
Federal	\$9.7m (20%)	\$22.6m (46%)	\$32.3m (66%)
Total	\$14.7m (30%)	\$34.3m (70%)	\$49.0m (100%)

The appropriations act authorizing the increase also directed the Comptroller’s Office to conduct a survey of salaries paid to DSPs employed by the private provider agencies to determine how the agencies used the funds and to report the results to the General Assembly by February 1, 2019.⁴ The increase for fiscal year 2019 was not the first time the state acted to increase provider rates under the HCBS waivers program, nor was it the first time the funds had been allocated for DSP wage increases,⁵ but it was the first time the General Assembly required evidence that the most recent rate increase would be directed solely to improve the salaries of DSPs. The Governor and General Assembly committed funding to increase provider reimbursement rates by 0.9 percent in fiscal year 2014, by 1 percent each year in fiscal years 2015 and 2017, and by 4.8 percent in fiscal year 2018.⁶



Appropriations Act, 2018

“It is the legislative intent that this appropriation increase the hourly wages of direct care staff employed at the contracted agencies of the Department of Intellectual and Developmental Disabilities for the home and community-based waiver programs for individuals with intellectual and developmental disabilities.”

Source: Public Chapter 1061, Section 62, Item 18, 2018.

This report explains Tennessee’s support system for people with intellectual and developmental disabilities and the need for the appropriation, describes how OREA conducted the survey, and analyzes the survey results.

¹ Private provider agencies are reimbursed by the state according to a rate schedule based on the DIDD rate setting methodology. Providers can choose to pay DSPs at a higher rate than is reflected in the rate schedule or at a lower rate as long as it meets the federal minimum wage.

Background

Tennessee's programs for people with intellectual and developmental disabilities

Through two programs funded by state and federal Medicaid dollars, people with intellectual and developmental disabilities in Tennessee may access services that help them remain in their homes and live and work in their communities. Without this assistance, many of these individuals would likely reside in a more restrictive and more expensive institutional setting. Much of the assistance that helps individuals with disabilities on a daily basis is provided by direct support professionals (DSPs).

DSPs are employed by private provider agencies under two state-operated Medicaid programs, which are overseen by TennCare, the state's Medicaid agency:⁷

- (1) A home- and community-based services (HCBS) waivers program, which closed to new enrollment as of July 1, 2016, but continues to serve existing enrollees (7,590 as of June 30, 2018)^B or
- (2) The Employment and Community First CHOICES program, which opened July 1, 2016, when the HCBS waivers program closed to new enrollment and serves 2,443 as of February 2018.⁸

Both programs rely on a system of private provider agencies but are administered differently. TennCare contracts through an interagency agreement with the Department of Intellectual and Developmental Disabilities (DIDD or the department) to administer the HCBS waivers program. To administer the CHOICES program, TennCare contracts with three managed care organizations (MCOs).

The 2018 legislative allocation to increase the wages of DSPs applies only to provider agencies working under the DIDD-operated HCBS waivers program and not to those working under the CHOICES program.⁹ Accordingly, for purposes of this report, OREA surveyed only those providers that employ DSPs working under the HCBS waivers program administered by DIDD.



Definitions

Intellectual Disability is defined in Tennessee law as below-average cognitive ability that manifests before age 18 and is characterized by an intelligence quotient (IQ) of 70 or below, along with significant limitations in the ability to adapt and carry on everyday life activities.

Developmental Disabilities are physical and/or mental impairments that begin before age 22 and alter or substantially inhibit an individual's capacity to perform activities of daily living, such as self-care, receptive and expressive language, learning, mobility, self-direction, or economic self-sufficiency. Medical diagnoses classified as developmental disabilities include, but are not limited to, autism; cerebral palsy; spina bifida; muscular dystrophy; various genetic, neurological, and chromosomal disorders; and head and spinal cord injuries.

Source: *Tennessee Code Annotated* 33-1-101 (11) and (16).

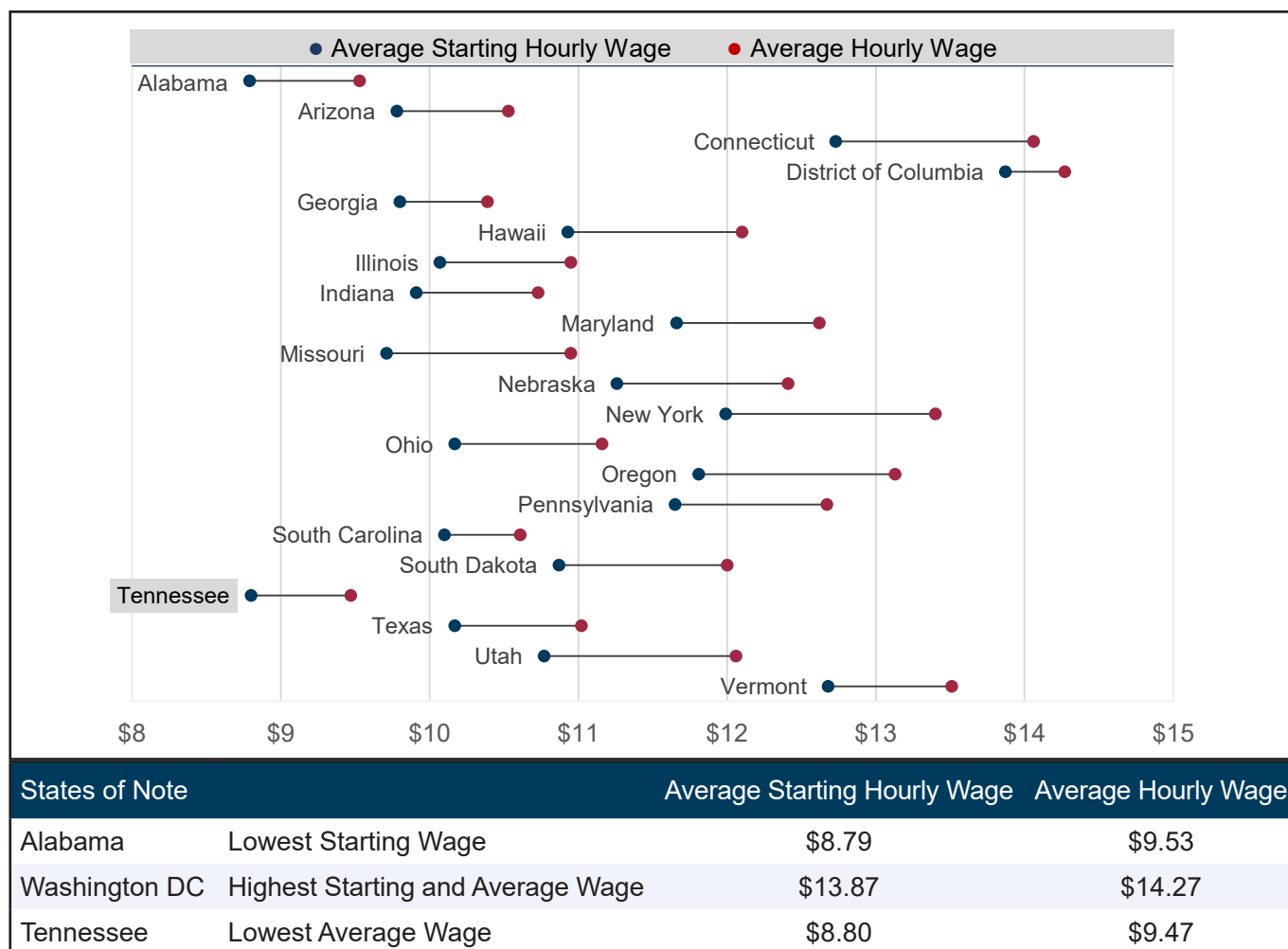
^B Department of Intellectual and Developmental Disabilities, email, Nov. 9, 2018. Medicaid HCBS waivers (under Section 1915(c) of the Social Security Act), first established by Congress in 1981, set aside certain requirements of the Social Security Act so that individuals can receive long-term care in their homes and the community as an alternative to institutionalized settings. States must apply to the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) for permission to have Medicaid waivers. Currently, Tennessee has three HCBS waivers approved by CMS, which allow the state to serve individuals with intellectual or developmental disabilities in their homes or in community-based settings rather than in institutions. Other states with 1915(c) HCBS waivers may choose to serve other eligible populations. Omnibus Budget Reconciliation Act of 1981 (OBRA 81, P.L. 97-35), beginning on p. 456, <https://history.nih.gov/research/downloads/PL97-35.pdf>.

The problem: a shortage of direct support professionals

According to a 2016 national survey, Tennessee, like many other states, lacks a sufficient supply of DSPs.¹⁰ Factors driving the industry shortage include low wages, economic recovery from the Great Recession, and the physical and emotional difficulty of the work. Without reliable and consistent caregivers, supported individuals suffer diminished quality of care and risk losing access to life-sustaining services. The short supply of DSPs also puts pressure on the viability of private provider agencies, a key component of the state's service delivery system for individuals with disabilities.

A 2017 Comptroller audit of DIDD found that both providers and the department believe that low wages are the primary cause of the DSP shortage. While low wages for direct support professionals is a nationwide problem, Tennessee ranked last among 20 states and the District of Columbia in a 2016 survey of average hourly wages for experienced DSPs and next to last for entry-level DSPs, faring worse than socioeconomically comparable states like South Carolina and Georgia.¹¹ (See Exhibit 2.)

Exhibit 2: Average hourly direct support professionals' wages, select states, 2016



Source: The National Association of State Directors of Developmental Disabilities Services and Human Services Research Institute, 2016 Staff Stability Survey Report.

Services provided to supported individuals

Agencies working under the HCBS waiver administered by DIDD provide several different services to support individuals with intellectual and developmental disabilities within a community setting, based on each individual's needs. Each service that is to be provided to a supported person is documented in the person's Individual Support Plan (ISP), and each service is associated with a specific reimbursement formula.¹² The wages for direct support professionals, as well as wages and salaries

for other types of staff, and other operational costs are built into the reimbursement formulas, which are adopted in state rules. Distinctions among the services and their reimbursement formulas, and how DSPs fit into various services, were important factors in the OREA review of provider agencies' documentation. A few select services are described below in general terms.

Day Services are designed to support each person's full engagement in the community. During day services, DSPs provide training, education, demonstration, or support to assist individuals in acquiring the skills necessary to participate in employment, leisure activities, community events, education, volunteering, or connecting with family and friends. Supported individuals also learn skills alongside DSPs, including using public transportation, that allow them to access such activities. Reimbursement rates for day services vary depending on where and how much time supported individuals receive day services: at home, in the community, or at their place of employment.

Family Model Residential Support is a type of residential service in which the supported person lives in an "adult foster care" arrangement in the home of a trained caregiver who is not a family member. Under this model, provider agencies contract with caregivers who provide direct services to supported individuals who live in their homes. Caregivers teach various skills necessary for activities of daily living (e.g., bathing, dressing, personal hygiene, eating, preparing meals), household chores essential to the health and safety of the supported individual, management of personal funds, attending appointments, or social interaction. Medication administration may also be provided. Under this model, the caregivers receive a stipend and other DSPs may be brought in periodically to provide caregivers with breaks (i.e., respite services).¹³

Supported Living is a residential model that offers assistance to individuals who live in their own homes but require staff support and assistance to reside in such housing situations.¹⁴ In the Supported Living model, DSPs work set shifts, depending on the individual's needs, to provide supports. In the *Supported Living-Companion Model*, supported individuals live in



Important Terms

Direct Support Professionals (DSPs) – Staff who provide services to supported individuals. Caregivers, companions, and personal assistants are DSPs who provide specific types of services.

Supported Individuals – Adults with intellectual and developmental disabilities who receive services through the DIDD HCBS waivers program.



How many DSPs are there?

In Tennessee, DSPs are employed by private provider agencies that deliver services under the HCBS waivers program. According to the 2018 OREA survey, 16,365 DSPs were employed by the 157 agencies that responded to the survey. A 2016 national survey in which Tennessee participated cited 13,178 DSPs on the payroll for the 114 Tennessee-based agencies that responded to that survey. The 2016 survey also cited a 51.1 percent turnover rate for DSPs in Tennessee.

homes that they own or lease – a trained companion lives with them, similar to a roommate, sharing in expenses but also providing direct assistance to the supported individual. DSPs may provide instruction and assistance with personal hygiene, mealtime preparation and eating, medication administration, social skills, and budgeting. Supported Living services also include transportation for medical appointments, shopping, and activities in the community. Individuals supported through this model are able to be involved in the operation of the home, determining the support services needed, and making staffing decisions regarding direct support staff.

Residential Habilitation is a residential model that differs from the Family and Supported Living models in that the provider agency owns or leases the dwelling in which individuals live and are supported. Residential Habilitation homes are permitted no more than four residents and may contain individuals with varying needs of support, requiring different types of waiver services.^c The provider is responsible for all services and supports 24 hours per day except during times that the supported person is receiving day services or is at work.

Personal Assistance is used as an alternative to residential services to assist individuals who require intermittent, or less intensive, levels of support.¹⁵ Personal assistants are DSPs who provide supports for activities of daily living, such as personal hygiene and self-care. Personal assistance is often delivered in a supported person's residence but also may be provided in community-based settings where the personal assistants accompany the individual to perform tasks and functions as described in the Individual Support Plan.

How agencies are reimbursed for services provided to supported individuals

DIDD contracts with over 170 provider agencies that employ DSPs to meet the needs of each supported individual.^d The provider agencies bill the department at the state's pre-determined reimbursement rates for each service provided. The pre-determined rates are calculated using a formula specific to that service.¹⁶ The formula for each service is based on several inputs, including the length of time the service takes, the staff to recipient ratio, and transportation costs. (See Exhibits 3 and 4.)

Exhibit 3: Billing process for HCBS waivers, spotlighting the role of DSPs



One essential component used to calculate the reimbursement rates is the DSP hourly wage. (Although the preset DSP wage used in DIDD's reimbursement formulas is often referred to as the average DSP wage, it is not the actual average wage paid to DSPs in the state.) The formula uses the DSP wage and other inputs to account for costs including staffing, transportation, and other administrative expenses. When an agency submits a request for payment, the amount of each cost is calculated and added together to determine the total reimbursement amount for each service. Agencies then receive the total approved reimbursement for each service provided.

^c Residential Habilitation homes that were providing services to more than four individuals prior to July 1, 2000, may continue to do so.

^d DIDD contracts with many other agencies that provide services related to the HCBS waivers program but do not employ DSPs.

and can expend it according to their business models. This means that agencies do not have to allocate the reimbursements according to the specific amounts in the formula. Agencies can, for example, pay DSPs more or less than the wage used in the formula.

Exhibit 4: Reimbursement components of one service provided under the DIDD-operated HCBS waivers program, to show how reimbursement components change when the DSP average wage increases

Community-Based Day Service with a \$9.15 average DSP wage			
Factors used to calculate reimbursements			Reimbursement per service, per recipient
DSP average wage	\$9.15		DSP wages and benefits \$33.24
Hours per service	6		Supervisory wages and benefits \$5.57
DSP to recipient ratio	2	→	Indirect and administrative costs \$13.58
Supervisor wage	\$11.50		Transportation \$7.13
Supervisor to recipient ratio	15		Paid time leave \$4.90
Transportation cost	\$7.07		Total \$64.42
Community-Based Day Service with a \$10.00 average DSP wage			
Factors used to calculate reimbursements			Reimbursement per service, per recipient
DSP average wage	\$10.00		DSP wages, including benefits \$36.32
Hours per service	6		Supervisory wages and benefits \$5.57
DSP to recipient ratio	2	→	Indirect and administrative costs \$14.66
Supervisor wage	\$11.50		Transportation \$7.13
Supervisor to recipient ratio	15		Paid time leave \$5.24
Transportation cost	\$7.07		Total \$68.93

Note: The bottom chart represents the actual formula for Community-Based Day Service in 2018. The top chart is an example used to show how reimbursements change when only the DSP average wage is changed. The numbers in the top chart do not represent actual reimbursement amounts paid prior to 2018.

As a result of the General Assembly’s funding increase, the hourly rate for DSPs used in DIDD formulas was raised from \$9.15 per hour to \$10.00 per hour (an increase of \$0.85).^E Indirect costs, administrative costs, and DSP benefits are all calculated using the preset DSP wage. Consequently, when the DSP average wage is increased, the reimbursements for indirect costs, administrative costs, and DSP benefits also increase. (See Exhibit 4). Although many of the reimbursement components increased due to the higher DSP average wage, OREA focused on accounting for the additional \$0.85 per hour given to increase the preset DSP wage to \$10.00 and determining whether it was used to increase the compensation of DSPs through wage increases or bonuses.

Survey Methodology

With the assistance of the Department of Intellectual and Developmental Disabilities, OREA identified 171 provider agencies that employ DSPs and support individuals through the HCBS waivers program. The survey excluded two types of provider agencies: (1) those that work under the waivers program and supply related services but do not employ DSPs and (2) those that employ DSPs but do not currently serve individuals under the HCBS waivers.

^E Because provider agencies are private businesses, they are not required to adhere to the DSP average wage used in the DIDD reimbursement formula – previously \$9.15 an hour and, after the increase, \$10.00. They may choose to pay DSPs at a lower rate (as long as the rate doesn’t fall below the federal minimum required hourly wage) or at a higher rate.

OREA developed an online survey requesting from provider agencies the number of DSPs they employ, the number of individuals with disabilities they serve, and the minimum, maximum, and average hourly wages for their employed DSPs at two points in time: at the end of the previous fiscal year before the increase became effective on July 1, 2018, and as of September 1, 2018, the month that providers would receive the first reimbursement that would include the increase. OREA also requested that providers indicate how they used the legislative increase and provide documentation that would serve as evidence of their survey responses.

OREA sent providers a preview of the survey on August 15, 2018, and sent out the online survey on September 4, 2018. The survey closed on September 18, 2018. Surveys were emailed to the 171 agencies who serve individuals under the HCBS waivers and have DSPs, and 157 (92 percent) responded. (See Appendix A for a copy of the survey instrument.)

OREA then checked survey result data for outliers or clear errors in reporting. For example, if one agency's wages were exceptionally high or low, OREA checked documentation for that agency and determined if that was a reporting error. OREA also checked for differences in how agencies used terms like "bonuses." For example, some agencies used the term "bonuses" to describe what OREA considered additional wage increases based on merit. OREA standardized how terminology was used and checked documentation for 93 of the 157 agencies (59 percent) through this process. OREA then chose agencies for further verification if survey answers could not be confirmed or standardized based on the original documentation provided. A second round of verification was done with 51 of the 96 agencies.

Survey Results

Overview

Survey results indicate the 2019 legislative appropriation has effectively increased the hourly wages of DSPs working under the HCBS waivers program in Tennessee. Based on survey responses and a document review, the state's average hourly wage for DSPs working under the HCBS waiver has increased by \$0.59, raising the average wage to \$10.36. This wage increase falls short of the \$0.85 total increase provided in the DIDD reimbursement rates, but 63 agencies chose to use some or all of the \$0.85 to provide bonuses to DSPs, and nine agencies used some of the funds for other administrative costs. (See pages 14-15 for more information.)

OREA did not track the entirety of the funds resulting from the General Assembly's recurring and nonrecurring appropriation, but did account for the funds set aside for DSP wages. OREA found no indication that any agency spent the increased funds intended for raising DSP wages on executive level salaries.



By the Numbers

171 agencies surveyed

157 agencies responded

16,365 DSPs work for the 157 responding agencies

147 agencies, which employ 97% of DSPs, spent the increase only toward DSP compensation (either wages, bonuses, or benefits)

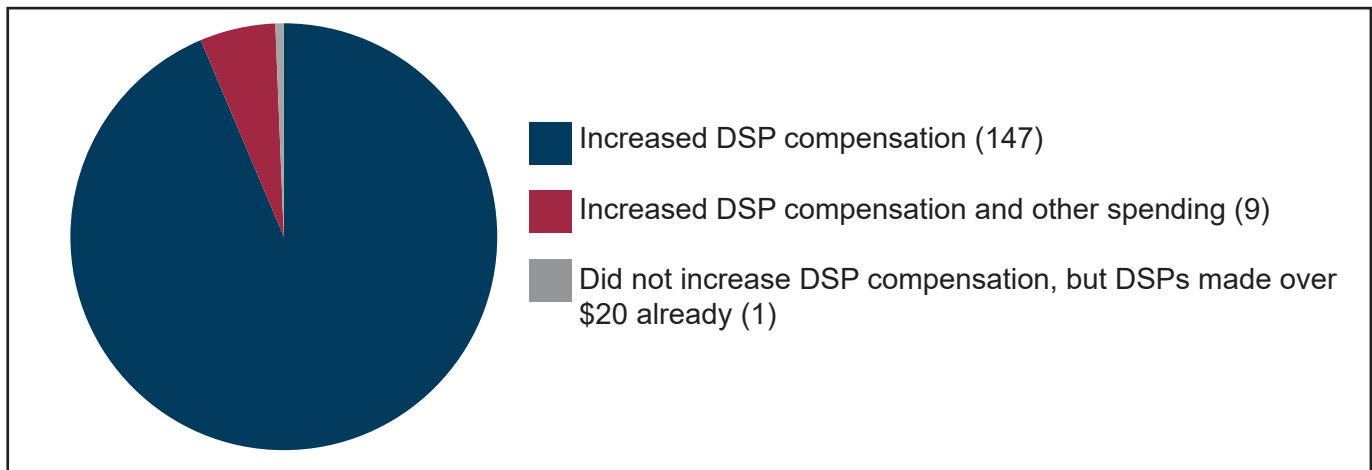
9 agencies partially used the funds to increase DSP compensation, but also spent the increase on other items

1 agency did not use the increase to raise DSP compensation, but already paid DSP hourly wages over \$20

\$10.36 average hourly DSP wage after the increase

Most agencies (147) spent the additional funds only to compensate DSPs through wage increases or bonuses, and some gave increased benefits to DSPs. These agencies employ 97 percent of DSPs represented in the survey. Of the remaining 10 agencies, nine (5.7 percent) partially used the funds to increase DSP wages or give bonuses, but also spent the increase on other items, including non-DSP wages and administrative costs. Only one agency, whose business model differs significantly from other agencies, did not use the increase to raise DSP compensation; the agency is a national nonprofit with strict policies regarding raises and its DSPs were already paid more than \$20 per hour. (See Exhibit 5.)

Exhibit 5: Based on agency survey responses, the number of agencies that spent the increase in funds from the DSP wage component to compensate DSPs through wage increases or bonuses



How agencies used increased funding for DSP hourly wages

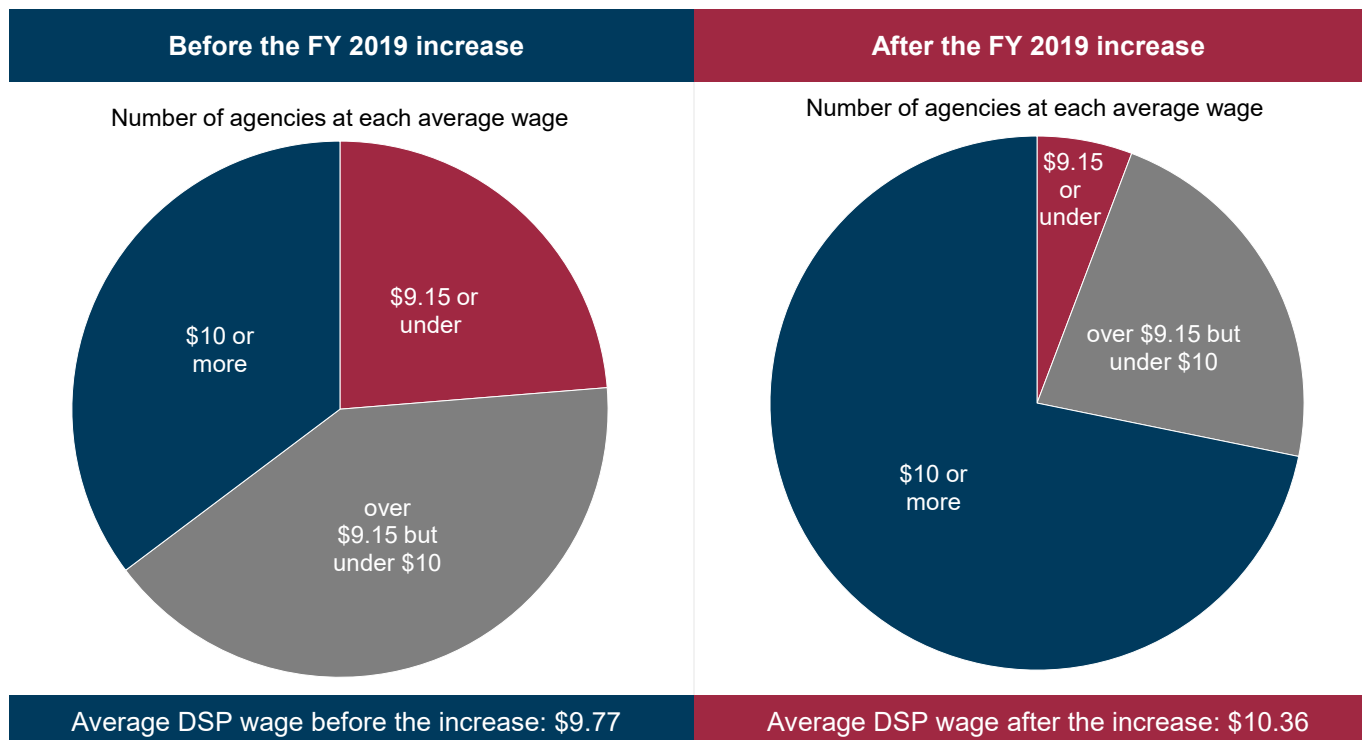
As stated in the FY 2019 appropriations act, the legislative intent was to “increase the hourly wages of direct care staff employed at the contracted agencies of the Department of Intellectual and Developmental Disabilities for the home and community-based waiver programs.” As directed, OREA asked agencies to indicate whether they used the increase to raise hourly wages of DSPs. Out of the 171 agencies surveyed, i.e., those that employ DSPs under the DIDD HCBS waivers, 157 agencies responded.

Of the 157 agencies responding to the survey, the majority (151 or 96 percent) gave hourly wage increases to DSPs. Of the remaining six agencies, five agencies were already paying average wages of \$10 or more before the increase and used the additional funds for DSP bonuses or other costs. The remaining agency specializes in the family model and employs family caregivers as independent contractors who provide direct care but are not paid hourly wages. The agency passed the full increase to the contractors. (See “How agencies accounted for increases to DSPs who are not paid hourly.”)

Before the 2019 rate increase, 55 agencies already paid DSPs an average hourly wage of \$10 per hour or more. DIDD used a DSP wage rate of \$9.15 in reimbursement formulas, which increased to \$10 following the legislative allocation. In the OREA survey, 119 agencies indicated that, prior to the increase, they paid above DIDD’s preset DSP rate of \$9.15 (See Exhibit 5.) Of those 119 agencies, 55 paid DSPs an average exceeding \$10. With the majority of agencies paying above the preset rate, according to OREA’s survey, the average wage of DSPs before the increase was \$9.77. In order to pay average wages above the DIDD rate, agencies used funds allocated for other costs to pay DSPs higher wages.

After the increase, 112 agencies indicated that they paid an average hourly wage of \$10 or more – these agencies represent 71 percent of agencies that responded to the survey and employ nearly 10,000 of the state’s DSPs who work under the HCBS waivers. Of the 112 agencies paying at or above \$10 since the increase, 91 reported an average wage above \$10 and 21 reported an average wage of exactly \$10. With the majority of agencies paying at or above \$10 following the increase, the statewide average, according to OREA’s survey, is now \$10.36. (See Exhibit 6.)

Exhibit 6: Agencies paying DSPs at an average wage of \$10.00 or above, over \$9.15 but under \$10.00, and \$9.15 or under, according to OREA’s 2018 survey

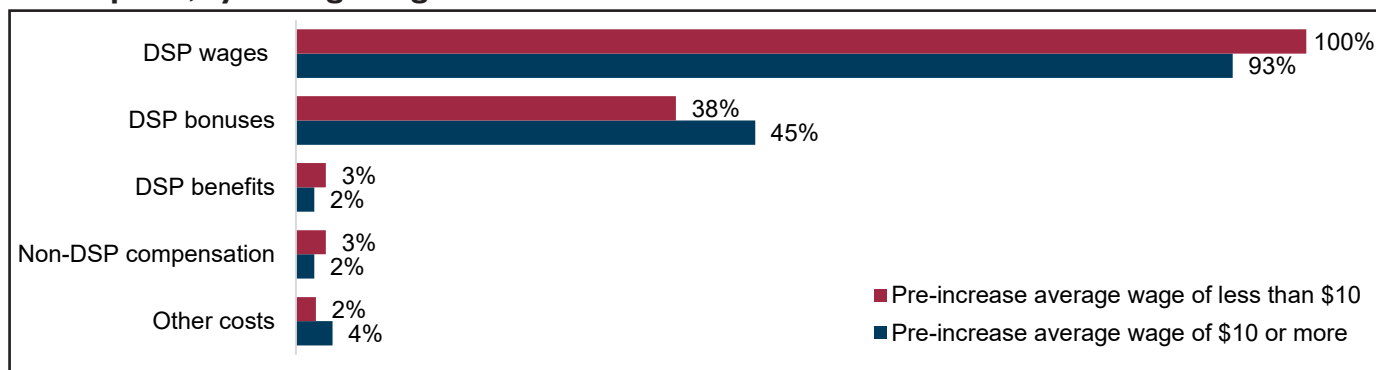


Note: One agency was not included because it exclusively uses a family model, under which those providing direct supports are not paid hourly wages. These categories are based on the former and current DSP hourly rates used by DIDD for reimbursement formulas. Before the FY 2019 increase, the rate used by DIDD was \$9.15; following the increase the rate is \$10.00

Based on survey results, 44 agencies reported average wages below \$10 after the increase. These agencies, before the increase, were paying average wages as low as \$8 and as high as \$9.68. They increased average wages by \$0.40, while the agencies that now have average wages of \$10 or more increased average wages by \$0.70.

As shown in Exhibit 7, the majority of agencies increased wages, but agencies already paying an average wage of \$10 or more were less likely to give DSP wage increases. As the exhibit shows, all the agencies with an average wage less than \$10 before the increase gave raises to DSPs. Although all these agencies increased wages, many of them also used the increase for other forms of compensation, like DSP bonuses or benefits. (See pages 14-15.) Of the agencies that were already paying an average wage of \$10 or more, 93 percent indicated that they were increasing DSP wages. (See Exhibit 7.) Although less likely to increase wages, these agencies were more likely to give DSPs bonuses.

Exhibit 7: When asked how they spent the increase, the percent of agencies that selected each option, by average wage before the increase

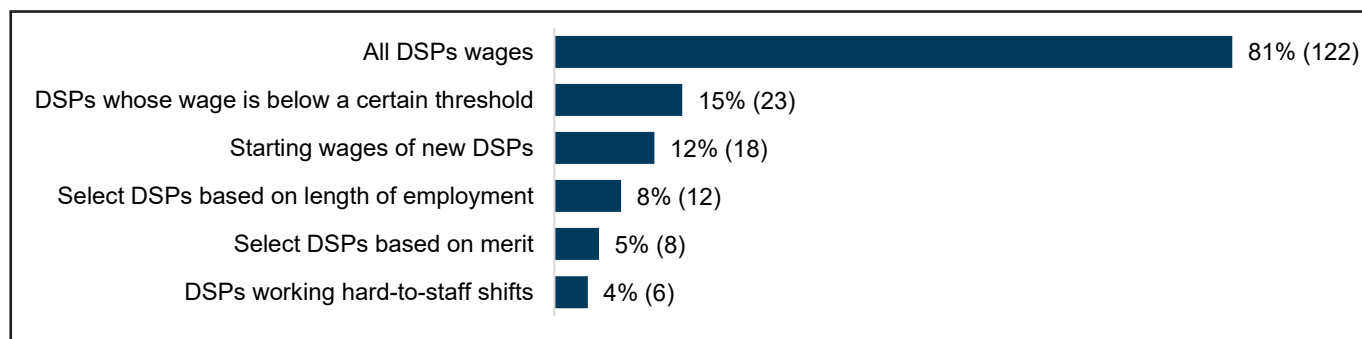


Note: One agency was not included because it exclusively uses a family model, under which those providing direct supports are not paid hourly wages. The total number of agencies included is 156. Agencies were able to select multiple options.

Of the agencies that provided wage increases, a majority raised the hourly wages of all their DSPs: 122 agencies (81 percent) raised the wages for all their DSPs, but not each DSP within an organization necessarily received the same raise. Many agencies varied the raise amount based on longevity, merit, or the difficulty of work during a given shift.

Of the 29 agencies that gave increases to some but not all DSPs, 23 (15 percent) increased wages of those being paid below a certain amount. For example, several agencies increased the wages of anyone making under \$10 up to that threshold. There were also 18 agencies that did not give wage increases to all DSPs, but chose to raise the starting wage to better recruit employees. Several other agencies awarded wage increases to select DSPs for good job performance, longevity with the company, or working in difficult situations, such as overnight shifts or supporting a waiver recipient with behavioral incidents. (See Exhibit 8.)

Exhibit 8: Of the 151 agencies that gave raises, the percent that gave raises to select groups of DSPs



Note: One agency was not included because it exclusively uses a family model, under which those providing direct supports are not paid hourly wages. The total number of agencies included is 151. Agencies that increased all DSP wages are not represented in the other categories, but by increasing all DSP wages they may have also increased wages in other categories.

A few agencies (10, which employ about 4 percent of the DSPs in the agencies responding to the survey) gave only salary increases, but not in sufficient amounts to demonstrate use of the total increase they received following the legislative allocation. The average DSP salaries reported by these agencies following the increase remained below \$10, and ranged from \$8.60 to \$9.75. None of these agencies reported that they planned to provide bonuses to their DSPs, a strategy that many other agencies used to pass the nonrecurring portion of the increase to their employees.

How agencies accounted for increases to DSPs who are not paid hourly

In the family model of care, family caregivers who work as independent contractors for provider agencies are not paid hourly wages, but are paid salaries or stipends, based on the DIDD reimbursement rate schedule and on the terms of the contract. Agencies with this model distributed the legislative allocation to employees providing direct care services differently than agencies with only hourly employees.

Family Model Residential Support is a type of residential service in which a supported individual lives in the home of a trained caregiver who is not a family member in an “adult foster care” arrangement. Under this model, provider agencies contract with family caregivers who work as independent contractors and provide direct services to supported individuals.

Services under the family model are billed by the day and vary in rate, depending on the level of need of the supported individuals. (For example, an agency with a supported individual being served under the family model at Level 4 would bill at a rate of \$119.97 per day, and for Level 5 at a rate of \$232.17 per day, under DIDD’s new reimbursement schedule following the legislative increase.)¹⁷ The agency bills DIDD for services rendered, as required by the supported individual’s plan and documented by the caregivers. Once the provider agency receives the reimbursement, it pays the family caregivers an agreed-upon split of the total, such as 65 percent, and the agency retains the remainder.

Under this model, other DSPs may be brought in periodically to provide caregivers with breaks (i.e., respite services) or to provide additional services needed, such as day services. The family caregivers, as independent contractors, then pay those DSPs from their share of the reimbursement. Alternatively, a provider agency using this model may employ some DSPs directly.

Family Model Residential Support provider agencies with this business model accounted for the legislative allocation in the survey using two different methods. They either (1) maintained the same percentage splits of total DIDD reimbursements, with both the agency and the independent contractor receiving an increased amount of funding after the increase, or (2) maintained the same percentage splits, but passed the entire increase on to the independent contractor.

Other provider agencies that use the family model less frequently, and employ DSPs in an hourly capacity for the other services they provide, accounted for the legislative increase in the same way that the majority of other agencies did – through increases in hourly wages and/or bonuses.

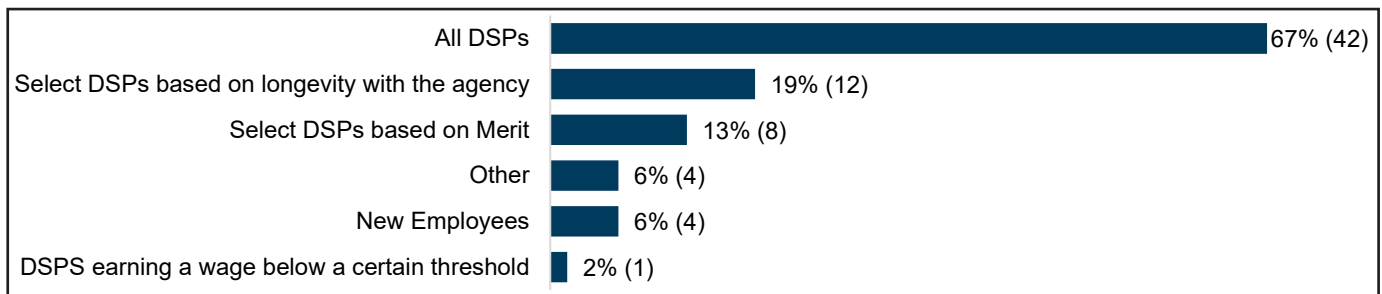
How agencies used increased funding for DSP bonuses

According to OREA’s 2018 survey, the average DSP hourly wage in Tennessee has increased by \$0.59 to \$10.36. This wage increase falls short of the \$0.85 total increase provided in the DIDD reimbursement rates, but 63 agencies chose to use some or all of the additional funding to provide DSPs with bonuses in addition to, or instead of, wage increases. Fifty-nine of these agencies spent the new funding on a mixture of wage increases and bonuses for DSPs. The remaining four agencies used the increased funding only for bonuses to DSPs and did not increase wages; the hourly wage for DSPs at these four agencies was at or above \$10 prior to the legislative appropriation.

According to agency survey responses and documentation follow-up, many agencies chose to give bonuses because a portion of the legislative allocation was nonrecurring. Agencies explained they did not want to give wage increases based on the new rate and later face a decision of whether to scale back wages if the nonrecurring funds are not appropriated in the next fiscal year. Many agencies also reiterated to employees that the bonuses may not be funded in future years.

Agencies chose to give bonuses in a variety of ways and at varying frequencies ranging from once a year to twice a month. Agencies distributed funds primarily using three approaches. One method was simply to set a bonus amount per DSP. Other agencies planned to calculate how much of the increased funds, at the end of a given bonus period, had not been spent on wage increases and then split these remaining funds among DSPs as a bonus. A third way was to set an hourly bonus amount and give bonuses to DSPs based on hours worked. (See Exhibit 9.)

Exhibit 9: Of the 63 agencies that gave bonuses, the percent that gave bonuses to certain groups of DSPs



Note: Agencies that gave bonuses to all DSPs are not represented in the other categories, but by giving all DSPs bonuses they also gave bonuses to DSPs in certain categories (i.e., new DSPs and DSPs with wages below a threshold).

Of the 63 agencies that chose to give bonuses, 42 gave bonuses to all DSPs. One common method of distribution to all DSPs was to split the \$0.85 increase based on the percent of funds that were recurring and nonrecurring, and give the recurring portion as wage increases and the nonrecurring portion as bonuses. When splitting the increase this way, \$0.26 represents the portion of the \$0.85 increase that resulted from recurring funds and \$0.59 represents the portion from the nonrecurring funds. A third of the 42 agencies that gave bonuses to all DSPs raised wages between \$.20 and \$0.35, a range that aligns with the \$0.26 recurring portion. These agencies then gave bonuses, utilizing the nonrecurring amount.

There were 22 agencies that chose to use the increase to provide bonuses to select DSPs. Some bonuses were given to DSPs as incentives for a variety of reasons, including referring friends and family to open jobs, completing training, not missing work, or longevity with an agency. At one agency, bonuses were given to DSPs whose wages were lower than a chosen threshold. In survey responses, these agencies indicated a desire to increase DSP compensation, but ultimately decided not to give wage increases because the funding was nonrecurring.

Other agency uses for increased funds

Nine provider agencies reported using some of the funds allocated for DSP wages for other costs, such as non-DSP wages and administrative costs. These nine agencies ranged in size from small agencies that support only one DIDD waiver recipient to agencies that serve over 90 individuals. All nine increased DSP compensation to a level that increased their average hourly wage by

as little as \$0.05 and as much as \$0.70. In addition to these wage increases, a portion of the increase set aside in the DSP wage component was spent on other costs deemed necessary by the agency.

In addition to paying for wage increases, several agencies reported that they spent the increased funds on administrative or indirect costs. Three of the nine agencies used a portion of the increased funds for emergency costs: at one agency, a supported individual behaved destructively during a transition, resulting in a need for facility repairs; two other agencies had recipients who required hospital stays and this put a strain on the agency, which had to split staff between the hospital and caring for other individuals. In both cases, agencies had to pay employees overtime as a result of the situation. Two agencies also reported using the increase to pay for costs associated with staff shortages. For example, agencies paid for overtime wages because they were understaffed and for hiring costs like background checks and promotional materials. One of the agencies used the funds to pay for activities and outings that DSPs are able to attend alongside supported individuals in the hope of increasing staff satisfaction and reducing turnover.

Three agencies used a portion of the funds to increase wages or benefits to staff in non-DSP positions. Two of the three agencies gave wage increases to mid-level staff, including registered nurses and staffing coordinators. Although these positions are not DSPs, they work closely with DSPs and have regular contact with supported individuals. One agency gave DSP raises and bonuses, but also used a small portion of the increase to begin providing office staff with a one-week paid vacation each year.

Endnotes

¹ Tennessee Comptroller of the Treasury, Performance Audit Report: *Department of Intellectual and Developmental Disabilities and Related Statewide Planning and Policy Council*, Nov. 2017, pp. 60-70, <http://www.comptroller.tn.gov/repository/SA/pa16191.pdf> (accessed Nov. 8, 2018); Report to the President 2017, *America's Direct Support Workforce Crisis: Effects on People with Intellectual Disabilities, Families, Communities and the U.S. Economy*, p. 8, <https://nadsp.org/wp-content/uploads/2018/02/PCPID-2017-Americas-Direct-Support-Workforce-Crisis-low-res.pdf>; Jennifer Enderson, TennesseeWorks, "What's a DSP and why do their wages matter?," <http://www.tennesseeworks.org/whats-a-dsp-and-why-do-their-wages-matter/>.

² Public Chapter 1061, Section 62, Item 18, 2018, <https://publications.tnsosfiles.com/acts/110/pub/pc1061.pdf> (accessed Nov. 8, 2018). Tennessee Department of Intellectual and Developmental Disabilities, FY 2019 Provider Rate Increase FAQs, <https://www.tn.gov/didd/providers/fy-2019-prover-rate-increase-faq-s.html> (accessed Nov 16, 2018).

³ Tennessee Department of Intellectual and Developmental Disabilities, FY 2019 Provider Rate Increase FAQs, <https://www.tn.gov/didd/providers/fy-2019-prover-rate-increase-faq-s.html> (accessed Nov 16, 2018).

⁴ Public Chapter 1061, Section 62, Item 18, 2018.

⁵ Division of State Audit, telephone interview, May 15, 2018. Department of Intellectual and Developmental Disabilities, interview, Nov. 6, 2018.

⁶ COT Audit, 2017, pp. 68-69; Department of Intellectual and Developmental Disabilities, Interview, Nov. 6, 2018; Public Chapter 460, Section 57, Item 8, 2017.

⁷ TennCare is a division of the Tennessee Department of Finance and Administration.

⁸ Department of Intellectual and Developmental Disabilities, Employment and Community First CHOICES, <https://www.tn.gov/didd/employment-and-community-first-choices.html> (accessed Nov. 19, 2018); Division of State Audit, email, Nov. 8, 2018.

⁹ Public Chapter 1061, Section 62, Item 18, 2018; COT Audit of DIDD, p. 66.

¹⁰ The National Association of State Directors of Developmental Disabilities Services and Human Services Research Institute, *2016 Staff Stability Survey Report*, Tables 19 and 20, https://www.nationalcoreindicators.org/upload/core-indicators/2016_Staff_Stability_Survey_Report

[Final.pdf](#) (accessed Sept. 11, 2018). The 2016 annual survey included information from 21 states, including Tennessee.

¹¹ Ibid., Tables 22 and 23.

¹² Rules of the Tennessee Department of Intellectual and Developmental Disabilities, Office of Licensure, Definitions, Chapter 0465-02-01-.01(35), <https://publications.tnsosfiles.com/rules/0465/0465-02/0465-02-01.20161004.pdf> (accessed Nov. 9, 2018).

¹³ Rules of the Tennessee Department of Intellectual and Developmental Disabilities, Chapter 0465-01-02.06(3), Methodology Utilized to Determine Payments to Service Providers (Rate Structure), March 2014, <https://publications.tnsosfiles.com/rules/0465/0465-01/0465-01-02.20140312.pdf> (accessed Nov. 29, 2018).

¹⁴ Rules of the Tennessee Department of Intellectual and Developmental Disabilities, Office of Licensure, Definitions, Chapter 0465-02-01-.02(12), <https://publications.tnsosfiles.com/rules/0465/0465-02/0465-02-01.20161004.pdf> (accessed Nov. 9, 2018).

¹⁵ Tennessee Department of Intellectual and Developmental Disabilities, *Provider Manual*, Effective March 15, 2014, p. 15-3.

¹⁶ Tennessee Application for 1915(c) Waiver, Jan. 1, 2016, <https://www.tn.gov/content/dam/tn/tenncare/documents/StatewideWaiver.html> (accessed Nov. 20, 2018).

¹⁷ Department of Intellectual and Developmental Disabilities, email attachment: Table – Waiver Rate Changes, Effective July 1, 2018, June 18, 2018.

Appendix A: Comptroller Survey of HCBS Waiver Providers

[Note: This is a copy of the survey instrument. Provider agencies each received a unique link to the online survey instrument, which was created using Lime Survey.]

In accordance with the Fiscal Year 2018-19 (FY19) appropriations act, the Comptroller's office is conducting a survey of agencies contracted by the Department of Intellectual and Developmental Disabilities (DIDD) for programs operated under Tennessee's home and community-based waiver. Section 62, Item 18 of the FY19 appropriations act mandates the survey and is shown below:

In addition to any other funds appropriated by the provisions of this act, there is appropriated the sum of \$11,700,000 (non-recurring), to be matched with any and all available federal funds, to the Bureau of TennCare for the sole purpose of increasing the current DSP staff salary component in the DIDD/provider rate methodology. It is the legislative intent that this appropriation increase the hourly wages of direct care staff employed at the contracted agencies of the Department of Intellectual and Developmental Disabilities for the home and community-based waiver programs for individuals with intellectual and developmental disabilities. Prior to January 1, 2019, the Comptroller of the Treasury shall conduct a survey of salaries actually paid to direct care staff as a result of the appropriation in this item and shall report the results of the survey to the members of the General Assembly no later than February 1, 2019.

In addition to the \$11.7 million, the FY 19 appropriation also includes federal funds and recurring state funds to increase hourly wages for direct support professionals (DSPs). In total, the Governor and the General Assembly appropriated approximately \$50 million (including matching federal funds) to increase the hourly wages of DSPs.

DIDD has adjusted its provider reimbursement rate table to reflect this appropriation's impact on relevant services. **As of July 1, 2018, the DIDD rate methodology is based on an hourly DSP rate of \$10, but agencies are able to make their own staffing and wage decisions. The following survey will focus on how your agency used the additional funds resulting from the DSP rate increase.**

At the conclusion of this survey, you will be asked to upload documentation that substantiates your survey answers. Please compile any relevant documentation before beginning the survey. Documentation may include the following:

- Payroll reports
- Board meeting minutes
- Letters or written communication with staff

We will review documentation and may follow up with an email, call, or visit. We ask that you be prepared and responsive if we contact you. Thank you for taking the time to complete this survey and provide documentation.

Note that all survey responses collected by the Comptroller's Office are confidential as required by Tennessee Code Annotated 10-7-504(a)(22)(D). The Comptroller's Office will not identify individual survey respondents in the resulting publication to the General Assembly. Any information received through the survey will be reported only in the aggregate.

Please complete the survey by September 18, 2018. If you have any questions, comments, or concerns, please contact either Kim Potts (kim.potts@cot.tn.gov | 615.401.7875) or Kristina Podesta (kristina.podesta@cot.tn.gov | 615.747.8795).

Contact Information

Please provide your contact information below.

Name of agency:

Name and title of individual completing survey:

Mailing address:

Email address:

Telephone number:

Agency Information

For the purpose of this survey, direct support professionals (DSPs) include any staff (part-time or full-time) who provide support, front-line supervision, or personal assistance to adults with intellectual or developmental disabilities in their homes or community settings. Services provided by DSPs include:

Day Services

- Community-Based Day
- Facility-Based Day
- Group and Individual Employment
- In-Home Day

Residential Services

- Supported Living
- Medical Residential
- Family Model
- Semi-Independent Living
- Personal Assistance
- Residential Habilitation

Question 1: Based on this definition, how many DSPs does your agency employ as of September 1, 2018?

Please write your answer here:

Question 2: How many total individuals with intellectual/developmental disabilities does your agency serve as of September 1, 2018?

Please write your answer here:

Use of Funds

The Governor and the General Assembly appropriated approximately \$50 million (including federal matching funds) to increase the DSP staff salary component in the DIDD provider rate methodology. DIDD has adjusted its provider reimbursement rate table to reflect the appropriated increase on all impacted services. The rate methodology beginning July 1, 2018, is based on a DSP hourly rate of \$10, but agencies are able to make their own staffing and wage decisions.

Question 3: Now that the DSP staff salary component in the DIDD provider rate methodology has been increased from \$9.15 per hour to \$10.00 per hour, how has your agency used the increase?

Please choose all that apply:

☐ Increase hourly wages of DSPs

For example:

- Increase starting wages
- Increase some or all DSP hourly wages
- Increase differential pay

☐ Provide DSPs with bonuses

For example:

- Bonuses upon training completion
- 90-day, annual, or milestone bonuses
- Merit bonuses

☐ Provide administrative or supervisory staff (non-DSPs) with bonuses

For example:

- 90-day, annual, or milestone bonuses
- Merit bonuses

☐ Provide more benefits to DSPs

For example:

- Offer paid time off
- Increase healthcare/retirement benefits
- Provide new healthcare/retirement benefits

☐ Increase wages or benefits of administrative or supervisory staff (non-DSPs)

For example:

- Provide pay increases for administrative staff
- Provide healthcare/retirement benefits for administrative staff
- Increase healthcare/retirement benefits for administrative staff
- Offer paid time off for administrative/supervisory staff

☐ Pay for administrative or other operational costs

For example:

- Buy supplies or equipment
- Pay for utilities or insurance
- Increase marketing
- Deposit into reserve funds

☐ Other

If you selected “other,” please explain.

Please write your answer here:

DSP Wage Increase

Only answer this question if the following conditions are met: you selected “Increase hourly wages of DSPs” in question 3.

Question 3a: In question 3 your agency indicated that DSP wages have been increased. Which DSP wages were, or will be, increased?

Please choose all that apply:

- ☐ Wages of all currently employed DSPs
- ☐ Wages of select DSPs whose wages are below a certain threshold
- ☐ Wages of select DSPs based on amount of experience or length of time with your agency
- ☐ Wages of select DSPs based on merit
- ☐ Shift differential wages
- ☐ Starting wages of new employees
- ☐ Other

If you selected “other,” please explain.

Please write your answer here:

DSP Bonuses

Only answer the next two questions if the following conditions are met: you selected “Provide DSPs with bonuses” in question 3.

Question 3b: In question 3 your agency indicated that bonuses have been offered to DSPs. Who received, or will receive, bonuses?

Please choose all that apply:

- ☐ All currently employed DSPs

- ☐ Select DSPs whose wages are below a certain threshold
- ☐ Select DSPs based on amount of experience or length of time with your agency
- ☐ Select DSPs based on merit
- ☐ New employees after a training or trial period
- ☐ Other

If you selected “other,” please explain.

Please write your answer here:

Question 3c: In question 3 your agency indicated that bonuses will be provided to DSPs. What are the minimum, maximum, and average amounts of the bonuses provided?

Minimum:

Maximum:

Average:

DSP Hourly Wage

For the next two questions “hourly wage” refers to the regular hourly wage of a DSP. Please do not include overtime pay when calculating the minimum, maximum, and average hourly wage, unless overtime pay is guaranteed to the DSP as part of their regular scheduled hours each week (for example, the companion model of care). Do not include bonuses when calculating the minimum, maximum, and average hourly wage.

Question 4: At the end of the last fiscal year (June 30, 2018) what were the minimum, maximum, and average hourly wages of DSPs employed by your agency?

Minimum:

Maximum:

Average:

Question 5: As of September 1, 2018, what were the minimum, maximum, and average hourly wages of DSPs employed by your agency?

Minimum:

Maximum:

Average:

Documents Upload

Thank you for completing the survey. As explained in the introduction, we now ask that you provide documentation to substantiate your survey responses. Please upload relevant documentation below. Documentation may include the following:

- Payroll reports
- Board meeting minutes
- Letters or written communication with staff

There is space to upload up to 10 documents. If you need to upload more than 10 documents or you are unable to upload documents, please contact Kim Potts (kim.potts@cot.tn.gov | 615.401.7875) or Kristina Podesta (kristina.podesta@cot.tn.gov | 615.747.8795) for further instructions.

You can upload these file types under 2048 KB each: png, gif, doc, odt, jpg, pdf, docx, xlsx, xlsm, or xls.

Submit your survey.

Thank you for completing this survey.



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